

(ii) The verified reduction in the heat rate achieved by each improved unit efficiency measure and the verified corresponding reduction in the unit's heat input resulting from such measure.

(iii) For all figures under paragraphs (b)(1) (i) and (ii) of this section:

(A) Documentation (which may follow the EPA Conservation Verification Protocol) verifying specified figures to the satisfaction of the Administrator; or

(B) Certification, by a State utility regulatory authority that has rate-making jurisdiction over the utility system that paid for the measures in accordance with § 72.43(b)(2) of this part and over rates reflecting any of the amount paid for such measures and that meets the criteria in § 73.82(c)(1) (i) and (ii) of this chapter, that such authority verified specified figures related to demand-side measures; and

(C) Certification, by a utility regulatory authority that has ratemaking jurisdiction over the utility system that paid for the measures in accordance with § 72.43(b)(2) of this part and over rates reflecting any of the amount paid for such measures, that such authority verified specified figures related to supply-side measures.

(2) Notwithstanding paragraph (b)(1)(i) of this section, where two or more Phase I units include in the confirmation report the verified kilowatt hour savings or reduction in heat rate from the same specific conservation or improved unit efficiency measures:

(i) The designated representatives of all such units shall submit with their confirmation reports a certification signed by all such designated representatives. The certification shall apportion the total kilowatt hour savings or reduction in heat rate among such units.

(ii) Each designated representative shall include in the confirmation report only the respective unit's share of the total savings or reduction in heat rate in accordance with the certification under paragraph (b)(2)(i) of this section.

(3) If the total, included in the confirmation report, of the amounts of verified reduction in the unit's heat input from energy conservation and unit efficiency measures equals the

total estimated in the unit's annual compliance certification report from such measures for the calendar year, then the designated representatives shall include in the confirmation report a statement indicating that is true.

(4) If the total, included in the confirmation report, of the amounts of verified reduction in the unit's heat input from energy conservation and improved unit efficiency measures is greater than the total estimated in the unit's annual compliance certification report from such measures for the calendar year, then the designated representative shall include in the confirmation report the number of allowances to be credited to the unit's compliance subaccount calculated using the following formula:

$$\text{Allowances credited} = (\text{verified heat input reduction} - \text{estimated heat input reduction}) \times \text{emissions rate} \cdot 2000 \text{ lbs/ton}$$

where:

(i) "Verified heat input reduction" is the total of the amounts of verified reduction in the units' heat input (in mmBtu) from energy conservation and improved unit efficiency measures included in the confirmation report.

(ii) "Estimated heat input reduction" is the total of the amounts of reduction in the unit's heat input (in mmBtu) accounted for by energy conservation and improved efficiency measures as estimated in the unit's annual compliance certification report for the calendar year.

(iii) "Emissions rate" is the "emissions rate" under § 72.92(c)(2)(v) of this part.

(5) If the total, included in the confirmation report, of the amounts of verified reduction in the unit's heat input from energy conservation and improved unit efficiency measures is less than the total estimated in the unit's annual compliance certification report for such measures for the calendar year, then the designated representative shall include in the confirmation report the number of allowances to be deducted from the unit's compliance subaccount, which equals the absolute value of the result of the formula for allowances credited under paragraph (b)(4) of this section.

(6) Unless paragraph (b)(3) of this section applies, the designated representative shall include in the confirmation report the adjusted amount of allowances that would have held in the unit's compliance subaccount if the deductions made under § 73.35(b) of this chapter had been based on the verified, rather than the estimated, reduction in the unit's heat input from energy conservation and improved efficiency measures, calculated as follows:

Adjusted amount of allowances = allowances held after deduction – excess emissions + allowances credited – allowances deducted

where:

(i) “*Allowances held after deductions*” is the amount of allowances held in the unit's compliance subaccount after deductions were made under § 73.35(b) of this chapter based on the annual compliance certification report.

(ii) “*Excess emission*” is the amount (if any) of excess emissions determined under § 73.35(b) for the calendar year based on the annual compliance certification report.

(iii) “*Allowances credited*” is the amount of allowances calculated under paragraph (b)(4) of this section.

(iv) “*Allowances deducted*” is the amount of allowances calculated under paragraph (b)(5) of this section.

(v) If the result of the formula for “adjusted amount of allowances” is negative, the absolute value of the result constitutes excess emissions of sulfur dioxide. If the result is positive, there are no excess emissions of sulfur dioxide.

(7) If the amount of excess emissions of sulfur dioxide calculated under paragraph (b)(6) of this section differs from the amount of excess emissions of sulfur dioxide determined under § 73.35(b) of this chapter based on the annual compliance certification report, then the designated representative shall include in the confirmation report a demonstration of: The number of allowances that should be deducted to offset any increase in excess emissions or returned to account for any decrease in excess emissions; and the amount of the excess emissions penalty (excluding interest) that should be paid or returned to account for the change in excess emissions. The Administrator will

deduct immediately from the unit's compliance subaccount the amount of allowances that he or she determines is necessary to offset any increase in excess emissions or will return immediately to the unit's compliance subaccount the amount of allowances that he or she determines is necessary to account for any decrease in excess emissions. The designated representative may identify the serial numbers of the allowances to be deducted or returned. In the absence of such identification, the deduction will be on a first-in, first-out basis under § 73.35(c)(2) of this chapter and the return will be at the Administrator's discretion.

(8) If the designated representative of a unit fails to submit on a timely basis a confirmation report (in accordance with paragraph (b) of this section) with regard to the estimate of expected kilowatt hour savings or improvement in heat rate from any energy conservation or improved unit efficiency measure under the reduced utilization plan, then the Administrator will reject such estimate and correct it to equal zero in the unit's annual compliance certification report that includes that estimate. The Administrator will deduct immediately, on a first-in, first-out basis under § 73.35(c)(2) of this chapter, the amount of allowances that he or she determines is necessary to offset any increase in excess emissions of sulfur dioxide that results from the correction and require the owners and operators to pay an excess emission penalty in accordance with part 77 of this chapter.

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§ 72.92 Phase I unit allowance surrender.

(a) *Annual compliance certification report.* If a Phase I unit's adjusted utilization for the calendar year in Phase I under § 72.91(a) is greater than zero, then the designated representative shall include in the annual compliance certification report the number of allowances that shall be surrendered for adjusted utilization using the formula in paragraph (c) of this section and the calculations that were performed to obtain that number.